

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS VAN-TY-SMITH TO INTERROGATORIES OF
TIME WARNER, INC.
(TW/USPS-T17-11-13, 14(b) and 16(a))

The United States Postal Service hereby provides the responses of witness Van-Ty-Smith to the following interrogatories of Time Warner, Inc.:
TW/USPS-T17-11-13, 14(b) and 16(a), filed on March 6, 2000. Interrogatories TW/USPS-T17-14(a), (c)-(d), and 15 were redirected to witness Ramage. Interrogatory TW/USPS-T17-16(b) was redirected to witness Kingsley.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 20, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH TO
TW INTERROGATORIES**

TWIUSPS-TI7-11. For each mail processing cost pool and for each type of sack represented in the IOCS data base, please provide, in an electronic spreadsheet format, the BY98 processing costs your method attributes to use of the given sack type, at the given pool, by each subclass. Please also specify the portion of the cost attribution for each combination of sack type, cost pool and subclass that is caused by each of the following types of tallies:

- a. Direct tallies of the given sack type at the given pool.
- b. Mixed mail tallies of the given sack type that are distributed on the basis of the direct sack tallies.
- c. Tallies of the given sack type when empty, that are distributed based on the direct sack tallies.
- d. Tallies of mixed mail containers recorded as carrying sacks of the given type, attributed on the basis of direct mail tallies for the given sack type.
- e. Tallies of empty or unidentified containers, whose costs are attributed based on the portion of the corresponding type of containers with mail that relates to these containers carrying sacks of the given type.
- f. Not handling tallies, to the extent that the costs associated with such tallies are distributed over any of the sack related handling costs described above.

RESPONSE TO TW/USPS-TI7-11.

(a) – (f). The volume-variable costs for the requested data for TW/USPS-T17-11, for TW/USPS-T17-12 and for TW/USPS-T17-13, are contained in the diskette filed in USPS LR-I-234. The data are SAS output tables in text format. There are seven text files in the diskette. The first six text files correspond to the six questions (a) - (f) whereby for each question, the data in each file are shown by subclass and by cost pool, for each type of sack, each type of tray and for pallets. Please note that three cost pools are not included in the first six text files: the LDC15 cost pool (LD15), and the two support cost pools for Function 1 and Function 4 (1SUPPORT_F1 and 1SUPPORT_F4). For these three cost pools, the derivation of the distribution keys (based on dollar-weighted tallies, and then applied to the pool volume-variable costs for

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RESPONSE TO TW/USPS-TI7-11 (continued).

all cost pools except those three), does not quite fit the steps underlying (a) –(f) (See footnote 10 and section II-B-4 of my testimony). The applicable volume-variable costs for the LDC 15 cost pool are provided as a separate table in the seventh text file. The subclass distribution factor for the 1SUPPORT_F1 cost pool and for the mail processing component of the 1SUPPORT_F4 cost pool can be obtained by: 1) summing the volume-variable costs provided in the diskette for the relevant cost pools (see section II-B-4 of my testimony); and 2) dividing the numbers from 1) by the corresponding pool volume-variable costs from Table 3 of my testimony. The subclass distribution factor for the window service component of the 1SUPPORT_F4 cannot be obtained at the same level of detail underlying questions 11 through 13 (a) – (f), as for the mail processing component of it.

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TW/USPS-TI7-12. Please provide cost information similar to that sought in TW/USPS-TI7-11, but for each type of trays, rather than sacks.

RESPONSE TO TW/USPS-TI7-12.

See my response to TW/USPS-TI7-11.

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TW/USPS-TI7-13. Please provide cost information similar to that sought in TVVIUSPS-TI 7-1 1, but for pallets instead of sacks.

RESPONSE TO TW/USPS-TI7-13.

See my response to TW/USPS-T17-11.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH TO
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TW/USPS-TI7-14. Please consider an employee sampled by an IOCS clerk while using a forklift to move a pallet that is loaded with empty letter trays.

- a. Please confirm that under current data collection instructions the IOCS clerk has no way of recording the fact that the observed pallet was used to carry letter trays. See my response to TW/USPS-T17-11. If not confirmed, please describe how such information would be recorded and how it would appear in the IOCS data base.
- b. Please confirm that a tally resulting from the type of observation described above would not cause any cost to be associated with letter trays. If not confirmed, please explain.
- c. How would the IOCS clerk record the situation described above? Specifically, would he/she record it as: (1) an empty pallet; (2) a pallet whose content could not be determined; or (3) something else (describe)? Are the current instructions clear as to what choice should be made in this situation?
- d. Assume that instead of being empty, the trays on the pallet contain letter mail, but the IOCS clerk is unable to determine whether all mail on the pallet is identical and concludes that counting the mail would require removing the shrink wrap or banding on the pallet and would be prohibitively time consuming. What type of tally would result in this case? Would it be recorded as a mixed mail pallet? if not, how?

RESPONSE TO TW/USPS-TI7-14.

- a. Redirected to Witness Ramage (USPS-T-2).
- b. Not confirmed.

If this is considered an IOCS single item and is recorded as an empty pallet, then the tally cost for the empty pallet is distributed based on the subclass contents of the direct tally pallets. To the extent that some direct tally pallets may be loaded with some letter trays and that all subclass pieces on these pallets are counted and recorded during the IOCS reading, the tally cost for the empty pallet may be distributed to the subclasses in the letter trays on those direct tally pallets, even though the letter trays are not explicitly recorded.

If this is considered an IOCS container, and is recorded either as an empty "j. Other Container", or as "i. Multiple items not in container", then the tally cost for the

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RESPONSE TO TW/USPS-T17-14 (continued).

recorded empty or unidentified container is distributed based on the subclasses of the loose piece and item contents of a non-empty identified container of the same type. To the extent that letter trays are recorded as one of the item contents of non-empty identified containers under IOCS option (i) or (j), the tally cost for the empty or unidentified container recorded under IOCS option (i) or (j), is then distributed based on subclasses that include those associated with letter trays for non-empty identified containers of the same type.

(c) – (d). Redirected to Witness Ramage (USPS-T-2).

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TW/USPS-TI7-15. Assume that a postal pak, or "gaylord," arrives at a postal facility and is emptied of its contents, but in the process it becomes necessary to strip the postal pak/gaylord of its cardboard, leaving only the pallet underneath, and that an IOCS clerk intercepts the employee handling the resulting empty pallet. Would this be recorded as an empty pallet or an empty postal pak? Please explain your answer and provide references to any mention of this scenario in the IOCS data collection instructions.

RESPONSE TO TW/USPS-TI7-15.

Redirected to Witness Ramage (USPS-T-2).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH TO
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TW/USPS-TI7-16. In today's mail processing plants, including BMC'S, one frequently sees pallets carrying empty trays, empty sacks, trays with letter or flat mail in them, sacks with mail in them, pallets loaded with other empty pallets, as well of course as pallets loaded with flats bundles, parcels, IPP'S, etc.

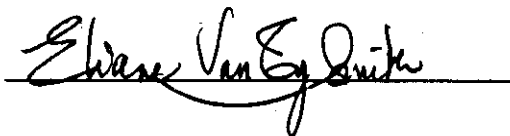
- a. Has there been any recent study to determine the frequency with which each of the above occurs in different types of facilities? If yes, please identify each such study, summarize the results and provide copies of each relevant study report.
- b. Please identify all uses the Postal Service itself makes of pallets in today's environment, to transport mail as well as other items (e.g., sacks and trays). Indicate whether each type of usage is part of normal operating procedures or whether it occurs only in unusual circumstances. Please also indicate the types of facilities in which each type of usage occurs, any estimates of how frequently it occurs, and provide copies of any relevant operating instructions.

RESPONSE TO TW/USPS-TI7-16.

- a. I am not aware of any such study.
- b. Redirected to Witness Kingsley (USPS-T- 10).

DECLARATION

I, Eliane Van-Ty-Smith, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, reading "Eliane Van Ty Smith", is written over a horizontal line.

Dated: 3/20/00

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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